

NATIONAL DAIRY MARKET AT A GLANCE

At the Chicago Mercantile Exchange, Grade AA butter increased 1/4 of a cent to \$1.1300 and both Grades A and B are unchanged at \$1.0500. Also at the CME, barrel cheese decreased 1/4 cent to \$1.1250 and 40# blocks increased 1/4 cent to \$1.1675.

According to NASS, the index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in May 1997 was unchanged at 117. Compared with May 1996, the index was up 2 points (1.7%). The index of prices received by farmers for dairy products declined 3 points during the month of May 1997 to 100. Compared with May 1996, the index was down 9 points (8.3%). On a 3.5% butterfat basis, prices received by farmers in May with changes from April were: for All Milk, \$13.01, down 25 cents; for Fluid Grade Milk, \$13.02, down 25 cents; and for Manufacturing Grade Milk, \$11.00, down 43 cents.

Milk supplies remain heavy throughout the country. Class I sales are slower as most of the few remaining schools in session have recessed for the summer. Manufacturing plant capacity is being tested at many locations. Milk receipts are at or very near annual peak levels in California, the upper Midwest, and the Northeast. Receipts have declined in many southern states, but in Florida, fluid milk supplies exceed overall needs and surplus is still being exported. Overall, milk receipts are holding up stronger in those areas past the

peak, in part due to continued below normal temperatures. Cream demand is seasonally good with cream supplies moving from the West Coast to Midwestern and Eastern users. Ice cream production and sales are seasonally active.

Most recent powder market trends continue. The whey and WPC markets are firm and prices are slightly higher. Demand is generally fair. Current offerings are light to adequate despite heavy drying schedules. The NDM, buttermilk, and lactose markets are weak and prices continue to trend lower. At peak and near peak drying schedules, supplies are accumulating at many operations. CCC continues to purchase Western NDM.

During the week of June 9 - 13, CCC net dairy product purchases under the price support program were 681,204 pounds of nonfortified NDM and 344,062 pounds of 40# blocks. These are the first blocks purchased under the price support program since May 1991.

SPECIAL THIS ISSUE

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BUTTER MARKETS**CHICAGO WHOLESALE**

Dollars per pound, trucklot, bulk in fiber boxes, delivered metropolitan area, prices include CCC purchase price whenever bulk butter is moving to CCC from the Midwest area.

GRADE	:	JUNE 10	:	JUNE 12	:	JUNE 13
AA	:	\$1.1275 - 1.1375	:	\$1.1275 - 1.1375	:	\$1.1275 - 1.1375
	:	(-.0025) (-.0025)	:	:	:	:
A	:	\$1.0500 - 1.0600	:	\$1.0500 - 1.0600	:	\$1.0500 - 1.0600
	:	:	:	:	:	:

() Change from previous price.

BUTTER HIGHLIGHTS: At the Chicago Mercantile Exchange, the AA price increased slightly with Grades A and B unchanged. Cream supplies for churning are tightening. At this time, some producers are finding that selling their cream is more financially advantageous than churning. Stocks of butter are sufficient for current needs. Additional stocks are being held with confidence for future use. Overall buying interest is seasonally fair. In instances, retail orders are heavier due to attractively priced butter features in conjunction with June Dairy Month promotions. Food service orders remain steady at good levels.

CHEESE MARKETS**WISCONSIN ASSEMBLY POINTS**

Dollars per pound, standard moisture basis (37.8-39.0%), carlot/trucklot, F.O.B. plants or storage centers, prices include CCC purchase price whenever cheese is moving to CCC from the Midwest area.

CHEDDAR STYLES	:	JUNE 9 - 13, 1997
BARRELS*	:	\$1.1175 - 1.1375 (NOMINAL)
40# BLOCKS	:	\$1.1650 - 1.1850 (NOMINAL)
	:	(-.0050)

() Change from previous week. * If steel, barrel returned.

CHEESE HIGHLIGHTS: The cheese market remains unsettled. Prices were mixed at the Chicago Mercantile Exchange in moderate trading. During the week ending June 13, CCC purchased 344,062 pounds of Midwestern 40# blocks under the price support program, the first blocks purchased since 1991. Commercial process demand continues to improve. Current offerings remain heavy. A CCC market price cheese purchase is found on page 13 of this report. Since October 1, 1996, CCC has contracted to purchase, at market prices, 65.9 million pounds of cheese. This compares to a total of 68.9 million pounds for the entire previous fiscal year.

CHICAGO MERCANTILE EXCHANGE

Sales are listed in chronological order; bids and offers listed in numeric order.

BUTTER TRANSACTIONS ON FRIDAY, JUNE 13, 1997

(CARLOT UNIT = 40,000 - 42,000 LBS.)

GRADE	:	PRICE CHANGE	:	LAST SIGNIFICANT TRANSACTION - LST
AA	:	+.0025	:	\$1.1300 : SALE 06/13/97
	:	:	:	:
A	:	N.C.	:	\$1.0500 : BID 05/30/97
	:	:	:	:
B	:	N.C.	:	\$1.0500 : BID 05/30/97

SALES: 3 CARS GRADE AA:
1 @ \$1.1250, 1 @ \$1.1275, 1 @ \$1.1300 (LST)

BIDS UNFILLED: 1 CAR GRADE AA @ \$1.0900

OFFERS UNCOVERED: 2 CARS GRADE AA:
1 @ \$1.1350, 1 @ \$1.1500

CHEESE TRANSACTIONS ON THURSDAY, JUNE 12, 1997

(CARLOAD UNIT = 40,000-44,000 LBS.)

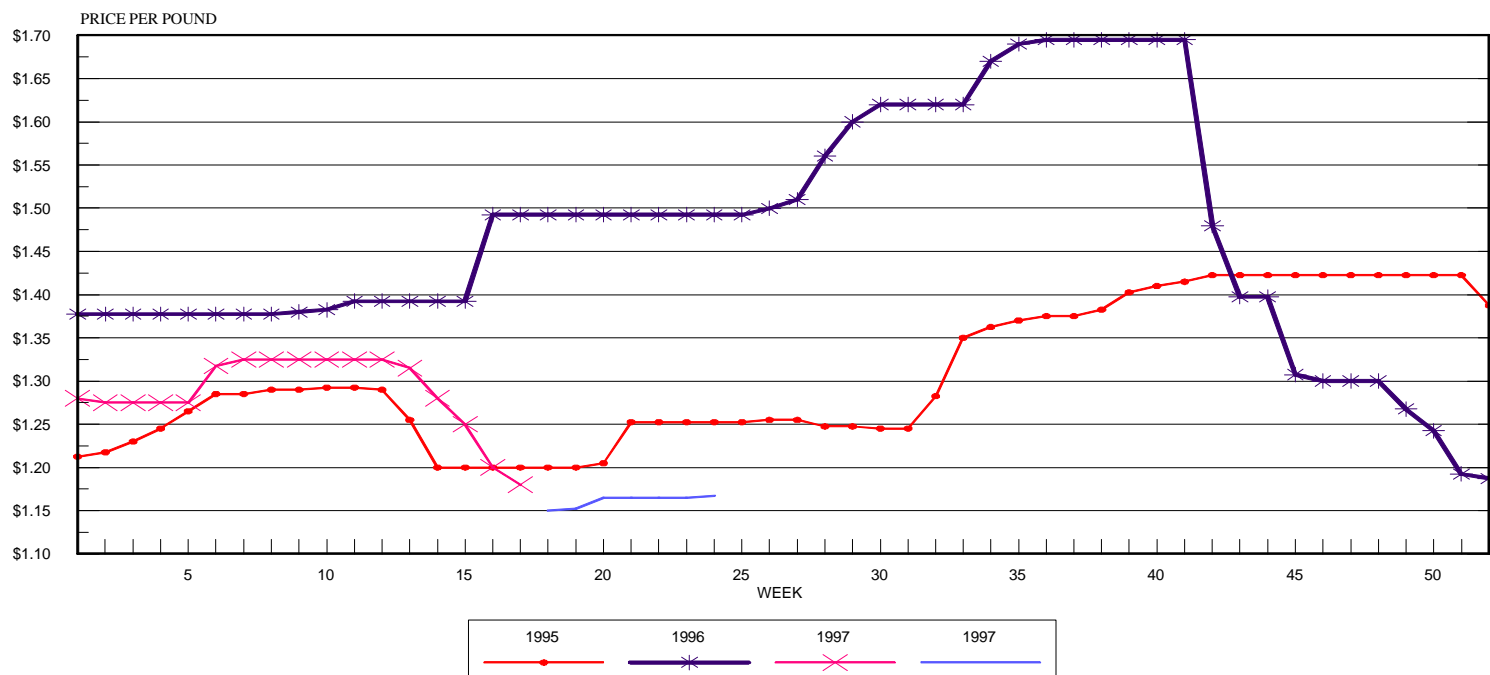
CHEDDAR STYLES	:	PRICE CHANGE	:	LAST SIGNIFICANT TRANSACTION
BARRELS	:	-.0025	:	\$1.1250 : SALE 06/12/97
	:	:	:	:
40# BLOCKS	:	+.0025	:	\$1.1675 : SALE 06/12/97

SALES: 5 CARS BARRELS @ \$1.1250 (LST)
6 CARS 40# BLOCKS:
4 @ \$1.1675, 1 @ \$1.1650, 1 @ \$1.1675 (LST)

BIDS UNFILLED: 5 CARS BARRELS @ \$1.1250

OFFERS UNCOVERED: 43 CARS BARRELS: 26 @ \$1.1275, 7 @ \$1.1300,
1 @ \$1.1325, 1 @ \$1.1350, 1 @ \$1.1375,
2 @ \$1.1400, 4 @ \$1.1425, 1 @ \$1.1450

40# BLOCK PRICE - NCE & CME



NOTE: Break in 1997 line indicates the change from National Cheese Exchange to the Chicago Mercantile Exchange.

PRINT BUTTER MARKETS - GRADE AA

NORTHEAST

Prices are fractionally lower and the market tone is firm, but unsettled. Following the trading at the Chicago Mercantile Exchange (CME), contacts weren't really sure how to read the market. At the CME, when the trading closed, there were many more offers (17 cars) uncovered than bids (1 car) unfilled. To many, this is an indication of the market condition. In the East, production is still moderate to heavy. Plant stocks range from adequate to ample. Butter demand is fair to good, but with prices perceived to be leveling off, buying interest is easing. Retail movement is slow to fair as prices have often increased because of the changes at the CME, but when the CME prices fell, retail prices didn't move. Food service orders are fair to improved as the summer vacation season is getting under way.

WHOLESALE PRICES: MIN 25 BOXES
DOLLARS PER POUND, DELIVERED EAST COAST CITIES

1/4 LB. PRINTS	:	1.3375-1.5850
1 LB. PRINTS	:	1.2525-1.4350
CHIPS/PATTIES	:	1.3150-1.4850
REDDIES	:	1.3900-1.5850
CONTINENTALS	:	1.4700-1.6450

CENTRAL

Butter markets remain unsettled following the slight decline in the AA price at the June 6 Chicago Mercantile Exchange trading session, although the market undertone is firm. Churning schedules continue to be seasonally active, but edging lower as cream supplies become less available. Stocks of bulk and print butter are in balance for most current needs. Often, producers are holding any additional stocks with confidence for future use. Current demand is seasonally fair. Retail orders are mixed. Butter producers are commenting that many retailers are slow in lowering prices when markets are weak, but more responsive when markets become firm. Food service orders are heavier as restaurants and away from home eating establishments meet summer demands.

FOB CENTRAL STATES PLANTS: MIN 20,000 POUNDS, \$ PER POUND

1/4 LB. PRINTS	:	1.2275-1.6350
1 LB. PRINTS	:	1.1925-1.3550
CHIPS/PATTIES	:	1.2175-1.4275
REDDIES	:	1.3025-1.5375
CONTINENTALS	:	1.4575-1.6475

WEST

The Western butter market is unsettled, with prices slightly lower. Stocks of bulk and print butter range are generally adequate and often held with confidence. Although stocks are sufficient for spot sales, discounts of past weeks are less common. Western churning schedules are seasonally active. Cream supplies for churning are tightening somewhat as ice cream production builds. Demand is fairly good as buyers fill current orders and acquire additional volumes for future use.

WHOLESALE SELLING PRICES: DELIVERED WESTERN CITIES
150 - 1000 POUNDS, DOLLARS PER POUND

1/4 LB. PRINTS	:	1.4125-1.4600
1 LB. PRINTS	:	1.3400-1.4025
PATTIES	:	1.3825-1.5500
REDDIES	:	1.5100-1.5275

FOB CALIFORNIA PLANTS - GRADE AA
100 CASES AND UP, DOLLARS PER POUND

1/4 LB. PRINTS	:	1.1375-1.1575
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WEEKLY COLD STORAGE HOLDINGS - SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

	BUTTER	:	CHEESE
	:	:	:
06/09/97	40,819	:	119,993
06/01/97	40,453	:	117,907
CHANGE	+ 366	:	+ 2,086
% CHANGE	+ 1	:	+ 2

NASS CHEDDAR CHEESE PRICE SURVEY

WEEK ENDING	MN/WI	40# BLOCKS WEST	U.S.	640# BLOCKS U.S.	MN/WI	BARRELS OTH STATES	U.S.
JUNE 6	1,839,944	3,810,683	1,1593	525,685	3,665,436	4,587,078	8,252,514
					34.40%	34.52%	34.47%

CHEESE MARKETS

NORTHEAST

Prices are unchanged and the market tone is about steady. Cheese production remains seasonally heavy as milk volumes are at or near peak levels. Producers' stocks are moderate to heavy depending on the variety and styles they produce. Demand is slow to fair. Some buyers, feeling that there isn't much downside risk, are making some extra purchases. With schools and colleges recessing for the summer, mozzarella sales are lagging somewhat. Improved orders are coming from resort area outlets as the summer vacation season is getting under way. Retail sales, aided by June Dairy Month promotions, are fair.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.1900-1.6475
Cheddar Single Daisies	:	1.1600-1.6425
Cheddar 40# Block	:	1.3025-1.4525
Process 5# Loaf	:	1.3375-1.4775
Process 5# Sliced	:	1.3575-1.5000
Muenster	:	1.3450-1.8275
Grade A Swiss Cuts 10 - 14#	:	2.2500-2.5050

MIDWEST

The cheese market is unsettled. Current offerings of most varieties remain more than adequate as milk receipts in major production areas of the region are at or very near annual peak levels. Cheese yields are steady to mostly lower as fat and protein levels slip seasonally. Many buyers are rebuilding inventories as downside price risk is minimal, due to the nearness of price support levels (3.5 cents for blocks, 2.75 cents for barrels). Plant inventories are seasonally heavy. Most processors/packagegers can fill current orders on full regular schedules, with only a minimal amount of overtime needed. Process cheese sales continue to improve seasonally, but lag for many accounts. Barrel supplies are more than adequate, particularly those with some age. Price discounting is occurring at some locations where very attractively priced spot milk is available to producers. Western cheese offerings continue to pressure the Midwestern premium structure. Mozzarella sales remain slow. Swiss prices are steady to lower, reflecting lower milk prices.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.4900-1.5600
Brick And/Or Muenster 5#	:	1.4900-1.6225
Cheddar 40# Block	:	1.4175-1.9150
Monterey Jack 10#	:	1.6175-1.9150
Blue 5#	:	1.7700-2.0300
Provolone 10 - 12#	:	TFEWR
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.5400-1.9150
Grade A Swiss Cuts 6 - 9#	:	2.2075-2.4850

WEST

Cheese markets are generally steady at unchanged prices following June 5 trading at the Chicago Mercantile Exchange. Stocks of cheese are heavy and much the same as they have been over the past few weeks. Production remains strong as seasonal milk production continues to build or holding at high levels. Overall buying interest is slow and limited to buyers purchasing for short term or immediate needs versus building inventories at this time.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.3175-1.6900
Cheddar 40# Block	:	1.3475-1.7300
Cheddar 10# Cuts	:	1.5825-1.7800
Monterey Jack 10#	:	1.5325-1.7800
Grade A Swiss Cuts 6 - 9#	:	2.3375-2.5600

FOREIGN TYPE CHEESE

Prices are unchanged and the market tone is generally steady. Stocks of most imported cheese are fairly well balanced and demand is slow to fair, at best. Importers expect that imports will drop off sharply until July 1 when a new GATT year begins. Unless product has been booked, contacts think there will be no new orders/purchases this month. It is believed that the EU's cheese volumes, qualified for export refunds to the U.S. have been filled.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
	:	:
Roquefort	: 5.5000-6.8900	: -0-
Blue	: 2.6400-3.1400	: 1.5000-2.0675
Gorgonzola	: 3.2400-5.9400	: 2.1225-2.4900
Parmesan (Italy)	: TFEWR	: 2.8675-2.9475
Romano (Italy)	: 2.1900-2.9000	: -0-
Provolone (Italy)	: 3.4400-5.5000	: 1.1725-1.6800
Romano (Cows Milk)	: -0-	: 2.7025-2.9075
Sardo Romano (Argentine)	: 2.6500-3.2900	: -0-
Reggianito (Argentine)	: 2.6500-3.2900	: -0-
Jarlsberg-(Brand)	: 2.7400-3.1200	: -0-
Swiss Cuts Switzerland	: -0-	: 2.2500-2.5050
Swiss Cuts Finnish	: 2.5900-2.8500	: -0-
Swiss Cuts Austrian	: 2.2500-2.7500	: -0-
Edam	:	:
2 Pound	: TFEWR	: -0-
4 Pound	: 2.1900-3.0900	: -0-
Gouda, Large	: 2.3900-3.1500	: -0-
Gouda, Baby (\$/Dozen)	:	:
10 Ounce	: 27.8000-31.7000	: -0-

* = Price change.

FLUID MILK AND CREAM

E A S T

Following the announcement of the May BFP, Federal Milk Market Administrators announced changes to their Class prices. In all orders, the July Class I and II prices are 74 cents lower than June. In Federal orders 1, 2, and 4, the May Class III is 77 cents lower than April; in all other Eastern orders, the May Class III prices are down 74 cents. The Class III-A for May is \$11.44 in orders 1 and 2, \$11.46 in order 4, and \$11.56 in all other Eastern orders. Milk production is a little lower in Florida where hot weather is starting to have an influence on the milk flow. Milk output in most of the Southeast is holding up quite well as temperatures have been unusually mild for this time of year. In the Northeast, the milk flow is at or very near the peak. New England contacts state that they are at the peak. Fluid milk supplies are excessive of the basically steady Class I demand. More schools are recessing for summer vacation and, in those areas where schools have been closed, retail movement is up slightly. In Florida, bottled milk sales have dropped in concert with the milk production and shipments of surplus milk out of state are up to approximately 70 - 75 loads this week. Surplus milk from the Northeast is moving great distances and at distressed prices. Processing plants are full and a rather large number of loads are clearing to the Midwest. The condensed skim market is still weak, but more product is moving now that prices are at or below dry skim prices. A few distressed loads did clear for prices below the bottom of the range. The fluid cream market is still firm. Offerings are tight, but not quite as tight as they had been. Spot prices are unchanged to higher as the multiples increased slightly. Should local suppliers try to move prices too high, California cream is readily available at competitive prices. Ice cream production is increasing seasonally, but with cream/fat prices so high, many producers are again making more lowfat ice cream and sorbets. Demand for ice cream and frozen novelties is improving as summer weather conditions become more common. Cream cheese, sour cream and cottage cheese production is mostly steady. Churning activity is moderate to heavy.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. Producing Plants: Northeast	-	1.4910 - 1.6170
Delivered Equivalent Atlanta	-	1.4700 - 1.5872 M 1.5225-1.5540
F.O.B. Producing Plants: Upper Midwest	-	1.5120 - 1.5540

PRICES OF CLASS II CONDENSED SKIM, \$ PER LB WET SOLIDS

F.O.B. Producing Plants: Northeast	-	1.0300 - 1.0900
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M I D W E S T

SPOT SHIPMENTS:

JUNE 6 - 12, 1997	LOADS
PREVIOUS WEEK	0
COMPARABLE WEEK IN 1996	0

All this week, milk supplies are very heavy throughout the region. Manufacturing plant schedules are extended and surplus offerings from outside the region continue to add to the glut of milk. Depending on location, reported milk prices were below \$8.00 delivered for some interregional milk. More "local" supplies in Minnesota and Wisconsin are moving from around \$9.50 to just over class. A plant breakdown outside the region caused extra milk offerings to move greater distances

to find a home. Movement from the South is often slower. Manufacturing space remains at a premium. Recent fluid milk promotional activities in a few metro areas have also ended, slowing movement and reducing volumes needed by bottlers. Cream is moving from the West into the Midwest to supplement local offerings. Prices are fairly steady. Ice cream production and sales are seasonally active. The outside volumes are helping to put a temporary lid on cream prices. Warmer temperatures blanket most of the region, causing milk receipts to decline throughout the more southern and central areas. In the upper tier of states, local plant receipts are steady to higher. Receipts are very close, but probably not at the annual peak in northern sections of Wisconsin and Minnesota, and much of Michigan. Progress is being made on the first cutting of hay/haylage with some put up without rain and some not. Where first cutting was short, an early cutting may provide hope for larger later cuttings. In the upper tier of states, crop maturity continues to lag. Insects have yet to become a factor in milk production at most northern locations.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	JUNE 5 - 11	PREVIOUS YEAR
SLAUGHTER COWS	\$ 33.50- 39.50	\$ 30.00- 35.00
REPLACEMENT HEIFER CALVES	\$ 80.00-130.00	\$100.00-125.00

SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	JUNE 5 - 11	PREVIOUS YEAR
SLAUGHTER COWS	\$ 33.00- 38.00	\$ 28.00- 34.00

W E S T

Milk production in California remains strong versus 1996 levels and continues near peak levels following relatively moderate temperatures during recent days. Feed supplies are ample, quality remains very good, and the dry weather has feedlots in great shape. The cost of good quality, alfalfa hay is high. Low milk prices are also a major concern of milk producers. Output in other Southwestern states continues to decline slightly from recent weeks. Milk continues to be put into manufacturing plants for processing, but levels are dropping with the milk flow. Cream demand is fair to good from both butter and ice cream producers. Multiples remain in the mid 130's times the CME Grade A butter price, FOB and are stated as very good for this time of the year. Processing remains near capacity at many production facilities in California. Milk production patterns throughout the Pacific Northwest continue to increase seasonally. Although weather conditions are quite favorable, rain has or continues to fall in many dairy areas. This rainfall is having minimal negative impact on production, but is seriously affecting hay harvest. In areas where hay has been cut and laying in the field, producers feel that much of the crop is lost, but poor quality hay of this type still receives \$60 - 70 per ton. Milk volumes throughout the region are heavy and diversions to local manufacturing are also heavy. Most schools in the Northwest have closed or will be closing by the end of the week. As schools continue to close, milk logistics will be irregular for about the next week or so. In some fluid markets, demand is stronger, thus pulling additional milk away from local manufacturing.

CENTRAL AND WEST DRY MILK PRODUCTS

All reports, except California manufacturing plants, were released 06/12/97 and represent FOB Central and Western production areas. Prices represent CL/TL quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL

Nonfat dry milk prices are lower on the top end of the range, reflecting lower sales prices for high heat powder. The market tone remains weak. Competition with Western NDM and resale loads is very price intense. The instances of lost sales to low-ball prices have some contacts wondering if these prices are not being reported or resellers are taking a "hit" to keep their contracted loads moving. Buyer interest is seldom better than light and most action is for immediate needs. Production remains seasonally active and several plants are building inventories.

Includes EXTRA GRADE and GRADE A, all heat treatments

NONFAT DRY MILK: 1.0600 - 1.0900 MOSTLY: 1.0700 - 1.0800

DRY BUTTERMILK - CENTRAL

Prices continue to decline and the market tone remains weak. Buyer interest is limited. Offerings are available from many plants in the region as well as resellers. Contacts are stating that prices need to be near the bottom end of the range to move and even then, bids are encouraged. Production is active. Stocks range from light to moderate and are building.

BUTTERMILK: 1.0400 - 1.1350

DRY WHEY - CENTRAL

Dry whey prices are higher and the market tone is firmer. Producers' offerings are limited and most producers raised prices since last week. Demand is fair and several buyers are still looking for lingering bargains that, in all likelihood, are no longer there. The resale market has whey, but prices have increased there too. Production is seasonally high and producer stocks are at light to moderate levels.

NONHYGROSCOPIC: .1800 - .1925 MOSTLY: .1800 - .1850

ANIMAL FEED WHEY - CENTRAL

Animal feed whey prices are fractionally higher and remain nominal in limited trading. Demand is good for milk replacer and roller ground and not always satisfied. Offerings are short of needs. Delactose prices are unchanged but getting some support from the higher WPC market. Demand is seasonally light. The standard price series is still too few to report.

MILK REPLACER:	.1600 - .1750
STANDARD:	TFEWR
ROLLER GROUND:	.1825 - .1950
DELACTOSE (Min. 20% protein):	.3200 - .3500

LACTOSE - CENTRAL AND WEST

Prices are lower and the market tone continues to show weakness. Demand is fair to good for contract loads, but light for domestic spot orders. Stocks are building at many plants and producers are lowering offering prices to keep product moving. Production remains high and is expected to stay that way, especially in the Upper Midwest where milk intakes are still increasing.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

EDIBLE: .2200 - .2800 MOSTLY: .2400 - .2700

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices continue to show increases and the market tone remains firm. Offerings are limited at the plant level and are tighter from resellers. Buying interest is fair to good for current offerings. Contract loads are being delivered on time. Several contacts are finding better deals on higher protein WPC. Stocks are light to moderate and being held with more confidence.

EXTRA GRADE 34% PROTEIN: .5525 - .5925 MOSTLY: .5750 - .5800

NONFAT DRY MILK - WEST

Nonfat dry milk prices were mixed for low/medium heat, but the majority of sales remain centered in the mostly range at \$1.04 to \$1.05. High heat prices declined on the top end of the range. The market tone remains weak. Western producers offered nearly 3.0 million pounds of NDM to CCC last week. "Slow" or "sluggish" are common descriptors of market activity this week. Production remains active at most locations in California and is close to peak levels. Stocks are moderate to heavy at several locations and indicated to be building. Recent rumors regarding butter and NDM support price adjustments and Mexico DEIP delays are unfounded.

Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: 1.0400 - 1.0600 MOSTLY: 1.0400 - 1.0500
HIGH HEAT: 1.0600 - 1.0950

DRY BUTTERMILK - WEST

Buttermilk prices continue to decline and the prevailing undertone is weak. Demand is seldom better than light with buyers reluctant to make purchases in a declining market. Production is seasonally active at most locations. Sales of condensed buttermilk are fair to good. Cream demand from ice cream facilities is increasing and pulling some cream from the churns. Buttermilk stocks are moderate to heavy and building.

BUTTERMILK: 1.0100 - 1.1000 MOSTLY: 1.0400 - 1.0500

DRY WHEY - WEST

Prices are steady to higher. The market tone is firm. Although cheese production remains strong, supplies of whey powder are tighter than they have been over the past few weeks. In instances, allocations of available powder are occurring. Domestic sales are fair, although buyer interest seems more aggressive due to the lighter volumes of available whey. Export interest is rated as slow.

NONHYGROSCOPIC: .1900 - .2100 MOSTLY: .1925 - .2025

CALIFORNIA MANUFACTURING PLANTS

The weighted average price for Extra Grade and Grade A Nonfat Dry Milk for the seven day period ended June 06, on powder sales of 8,212,949 pounds f.o.b. California manufacturing plants was \$1.0552 per pound. This compares to 8,495,668 pounds at \$1.0615 for the previous week ending May 30, 1997. Prices for both periods were influenced by the effect of long-term contract sales. Compiled by the Dairy Marketing Branch, California Department of Food and Agriculture.

NORTHEAST, SOUTHEAST, AND NATIONAL MILK PRODUCTS

All reports represent carlot/trucklot quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound, unless otherwise specified. Delivered Southeast is delivered equivalent Atlanta.

NONFAT DRY MILK - NORTHEAST AND SOUTHEAST

Prices are steady to lower and the market tone is weak. Production levels are near capacity in most of the Eastern drying facilities. The Northeast is in the flush and some plants have milk backed up waiting to unload. Some distressed milk is clearing to Midwestern plants. Plant stocks are growing and, more often, producers are making large-volume, low-priced offerings to keep powder moving. Quite a bit of powder was moved at the low end of the price range. Demand for NDM is slow, but improving in more instances as buyers don't think that prices can or will move much lower in the East. Western NDM continues to clear to CCC. Export sales, under DEIP, continue at a fairly good pace.

Includes EXTRA GRADE and GRADE A, all heat treatments

F.O.B. NORTHEAST:	1.0550 - 1.1600
DELVD SOUTHEAST:	1.0725 - 1.1200

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices are steady to lower and the market tone is unchanged. Production levels are light to moderate, but somewhat limited by all the skim there is to be dried. Plant stocks are adequate to meet current needs. The call for condensed buttermilk is improving slightly. Dry buttermilk sales are fair and lacking the aggressiveness expected by some contacts. With fat prices as high as they are, some contacts are surprised that there isn't more interest for buttermilk.

F.O.B. NORTHEAST:	1.0600 - 1.0900
DELVD SOUTHEAST:	1.0900 - 1.1200

DRY WHOLE MILK - NATIONAL

Prices are mostly steady despite the June 5 announcement of the May Class III milk prices. The 74-cent drop from April would usually result in a large drop in dry whole milk prices. However, with the relatively light production and the current, high value for fat, most producers held their prices at last month's levels. Plant stocks are light. Demand is unchanged and generally from contracted buyers. Spot sales are limited. Exports, under DEIP, are slow to fair.

F.O.B. PRODUCING PLANT:	1.1600 - 1.2525
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DEIP BID ACCEPTANCE SUMMARY

JULY 1, 1996 THROUGH JUNE 6, 1997
WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK	--	63,104	MT (139,119,108 LBS)
CHANGE	--	6,415	MT (14,142,509 LBS)
WHOLE MILK POWDER	--	1,821	MT (4,014,577 LBS)
CHANGE	--	32	MT (70,547 LBS)
CHEESE	--	2,803	MT (6,179,494 LBS)
CHANGE	--	22	MT (48,501 LBS)
BUTTERFAT	--	5,220	MT (11,508,012 LBS)
CHANGE	--	643	MT (1,417,558 LBS)

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices are moving higher as the market tone shows additional strength. Over the past couple weeks, demand has improved as buyers/traders/speculators try to take a position before prices move much higher. Producers are now asking and getting premiums for spot sales. In the past few weeks, the market seemed to have changed from a buyers' to a sellers' market. Production levels are generally heavy as cheese makers have an abundance of surplus milk available to them. Export interest is slow to fair with continued shipments under existing contracts.

F.O.B. NORTHEAST:	EXTRA GRADE	.1800 - .1900
	USPH GRADE A	.1825 - .1900
DELVD SOUTHEAST:		.1950 - .2200

ANIMAL FEED WHEY - NORTHEAST

Prices are fractionally higher and nominal. The market tone is firmer and following the same trend as the edible, dry whey market. Interest from animal feed buyers is improved as most are showing more interest now that prices seem to be moving higher on a more regular basis.

F.O.B. NORTHEAST:	MILK REPLACER	.1675 - .1750
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EVAPORATED MILK - NATIONAL

Prices and the market tone are unchanged. Production levels are increasing at some plants now that milk supplies are at or near the annual peak. Also, the May Class III milk prices are at a four-year low which makes it advantageous to build stocks. Demand for evaporated milk is just fair and mostly centered around replacement volumes.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$22.50 - 33.00
Excluding promotional and other sales allowances. Included new price announcements.

CASEIN - NATIONAL

Casein markets are generally steady as the second quarter comes to a close. Contracted supplies are sufficient for needs. European production is in full swing and, in some areas, nearing the seasonal peak. Indications are that third quarter prices will be steady to slightly lower. Acid casein is in strong demand while rennet needs are not as brisk due to the current weak natural cheese market. According to the U.S. Census Bureau and USDA, March Casein imports totaled 4,305,058 kilograms. For the first quarter of 1997, 13.8 million kilograms have been imported, a 10% increase over the same 3 months in 1996.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET:	2.2000 - 2.4100
ACID:	2.0000 - 2.2000

MAY AGRICULTURAL PRICES HIGHLIGHTS

The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in May 1997 was unchanged at 117. Compared with May 1996, the index was up 2 points (1.7 percent). The index of prices received by farmers for dairy products declined 3 points during the month of May 1997 to 100. Compared with May 1996, the index was down 9 points (8.3 percent).

On a 3.5 percent butterfat basis, prices received by farmers in May with changes from April were: for All Milk, \$13.01 per hundredweight (cwt.), down 25 cents; for Fluid Grade Milk, \$13.02 per cwt., down 25 cents; and for Manufacturing Grade Milk, \$11.00 per cwt., down 43 cent.

SELECTED MILK PRICES, COWS AND DAIRY FEED PRICES, SELECTED STATES AND U.S., MAY 1997 WITH COMPARISONS

STATE	All-milk price <u>1/</u> <u>3/</u>				Milk cows <u>5/</u>		Cows <u>6/</u>		All hay baled <u>7/</u>	
	Dollars per cwt.		Dollars per cwt.		Dollars per head		Dollars per cwt.		Dollars per ton	
	APRIL		MAY		MAY		MAY		MAY	
	1997 <u>2/</u>	1996 <u>2/</u>	1997 <u>4/</u>	1996 <u>2/</u>	1997	1996	1997 <u>7/</u>	1996 <u>8/</u>	1997	1996
CA	12.39	12.23	12.16	12.76	PRICES PUBLISHED JANUARY, APRIL, JULY AND OCTOBER		36.00	29.50	133.00	106.00
IA	12.48	13.75	12.57	14.13			41.40	31.10	115.00	90.00
MI	13.45	13.76	13.31	14.18			37.50	32.30	123.00	79.00
MN	12.39	13.95	11.81	14.48			39.00	32.40	105.00	75.00
NY	13.12	13.76	12.86	14.14			---	---	87.00	87.00
OH	13.51	13.94	13.27	14.24			36.00	29.60	163.00	95.00
PA	14.06	14.05	14.35	14.47			36.50	32.70	123.00	110.00
TX	13.58	13.86	13.72	14.33			37.10	25.70	103.00	99.00
WA	13.07	13.04	12.73	13.66			---	---	114.00	112.00
WI	12.52	14.04	11.77	14.55			39.80	33.40	101.00	70.00
U.S.	13.26	13.79	13.01	14.20			38.10	30.40	118.00	97.10

1/ Prices converted to 3.5 percent butterfat. 2/ Partially revised. 3/ Before deductions for hauling, and Government withholding; but including bulk-tank, quantity, or other premiums, excluding hauling subsidies. 4/ Preliminary. 5/ Animals sold for dairy herd replacement only. 6/ Average prices received by farmers. Includes cull dairy cows and beef cows sold for slaughter. 7/ Mid-month price. 8/ Entire month.

MILK AND PARITY PRICE RELATIONSHIPS AND OTHER GENERAL PRICE MEASURES, U.S., MAY 1997 WITH COMPARISONS 1/

ITEM		MAY 1996	APRIL 1997 <u>2/</u>	MAY 1997 <u>3/</u>
PRICES (converted to 3.5 percent butterfat) received by farmers for:				
All milk	Dol. per cwt.	14.20	13.26	13.01
Fluid grade milk	Dol. per cwt.	14.20	13.27	13.02
Manufacturing grade milk	Dol. per cwt.	13.20	11.43	11.00
INDEX NUMBERS for:				
Prices received by farmers for dairy products (1990-92 = 100)	Index	109	103	100
Prices paid by farmers for commodities and services, interest taxes, and wage rates (1990-92=100)	Index	115	117	117
PARITY PRICE for all milk	Dol. per cwt.	29.00	29.70	29.70
PARITY EQUIVALENT price for manufacturing grade milk	Dol. per cwt.	26.51	26.97	26.97
MILK FEED PRICE RATIO: Pounds of concentrate ration fed to milk cows equal in value to one pound of milk <u>4/</u>		1.56	1.52	1.49

1/ Parity prices are based on data for the current month. Parity price equivalent during 1997 is 90.8% of the parity price of all milk sold to plants, compared with 91.4% in 1996. 2/ Partially revised. 3/ Preliminary. 4/ Computed by Dairy Division, AMS, USDA; based on concentrate ration value as reported quarterly in "Milk Production", NASS, USDA.

SOURCE: "Agricultural Prices," Pr 1 (5/97), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

Computing the Basic Formula Price with the Equivalent Cheese Price Series

The Basic Formula Price (BFP) consists of two parts, a competitive pay price for the preceding month and a product price formula update for the current month. The product price formula update computes a product price value for the current month and the preceding month. Included in the product price value is a cheese price. Through the BFP for April, the cheese price used was the monthly average for 40-lb. block Cheddar cheese from the National Cheese Exchange (NCE). Trading on the NCE discontinued effective with the end of trading on April 25. Federal milk orders contain a provision which states that if a pricing factor used to compute a class price is not available, the Secretary of Agriculture (Secretary) can determine a pricing factor to be equivalent to the one that is no longer available. The National Agricultural Statistics Service (NASS) began collecting Cheddar cheese transaction prices the first week in March and has been publishing weekly prices since the first week in May. The Secretary has determined that the new NASS cheese price for the U.S. average 40-lb. block cheddar cheese is equivalent to the NCE price series for use in Federal milk order pricing. Since the NCE price series was no longer available for the month of May, the NASS price series will be used to compute the product price value for May. Although the Secretary has determined the NASS price series to be equivalent, since NCE prices were available through April, the NCE price series had to be used to compute the product price value for April in the product price formula update of the May BFP.

The NASS price series covers all transactions during a week, concluding on Friday, and published on Friday of the following week. To compute the current monthly average, only those weekly averages that have been published by the scheduled release of the BFP will be used. For example, the May BFP, announced on June 5, will use NASS data for the weeks ending May 2, 9, 16, and 23. Data through the last week of May was not published until June 6, and therefore, not available for use in calculating the May BFP. However, this price will be used to compute the product price value for May in the product price formula update of the June BFP. Also, in the event that data for a previous week is revised, the most recent published data will be used.

The monthly average will be an average of the applicable weekly prices, weighted by sales volume for the week. Each week, the price is multiplied by the weekly sales volume to yield a weekly value of cheese sold. The sum of the weekly values will be divided by the total sales volume over the covered weeks, and rounded to the customary four decimal places. For the May BFP, the May monthly average was computed as follows:

Week Ending	Price	Volume	Value
5/2	\$1.1928	5,243,234	\$6,254,129.5152
5/9	1.1583	5,728,391	6,635,195.2953
5/16	1.1579	6,223,596	7,206,301.8084
5/23	1.1600	6,020,076	6,983,288.1600
Total		23,215,297	\$27,078,914.7789

$$\$27,078,914.7789 \div 23,215,297 = \$1.166426 = \$1.1664$$

Prepared by Dairy Division, Agricultural Marketing Service, USDA.

FEDERAL MILK ORDER MINIMUM CLASS PRICE HIGHLIGHTS

BASIC FORMULA PRICE. The Basic Formula Price for May 1997 is \$10.70 per hundredweight at 3.5 percent butterfat. The May Basic Formula Price is the April base month Minnesota-Wisconsin (M-W) price of \$11.41 at 3.5 percent minus a change of \$0.71, which is the change in the butter/powder/cheese formula from April 1997 to May 1997. The May 1997 Basic Formula Price is \$0.74 less than last month and \$3.07 less than the May 1996 Basic Formula Price. This Basic Formula Price is the Class III price for May 1997 and is to be used in July 1997 for establishing minimum Class I (fluid use) prices and minimum Class II prices under Federal milk orders. To arrive at the minimum Class I price for each market, a Class I differential, ranging from \$1.20 in the Upper Midwest order to \$4.18 in the Southeastern Florida order, is added to this basic formula price. To arrive at the minimum Class II price for all markets, a differential of \$0.30 is added to this basic formula price. For those orders which adjust blend prices for butterfat contents varying from 3.5 percent, the producer butterfat differential per 0.1 percent butterfat is 9.0 cents. **MILK COMPONENT CONTENTS.** For the April 1997 base month M-W price, the butterfat content was 3.84 percent, protein 3.16 percent, and solids-not-fat 8.57 percent. For the May 1997 Basic Formula Price, the butterfat content was 3.77 percent, protein 3.18 percent, and solids-not-fat 8.59 percent.

FEDERAL MILK ORDER MINIMUM CLASS PRICES FOR MILK OF 3.5 PERCENT BUTTERFAT*1/														
FEDERAL MILK ORDER MARKETING AREAS 2/	ORDER NUMBER	MAY								JUNE			JULY	
		PRICE PER 100 POUNDS								PRICE PER 100 POUNDS				
		CLASS I		CLASS II		CLASS III		CLASS III-A		CLASS I		CLASS II	CLASS I	CLASS II
		1997	1996	1997	1996	1997	1996	1997	1996	1997	1996	1997	1997	1997
		DOLLARS								DOLLARS				
New England (Boston)	1 3/	15.73	15.94	12.79	13.00	10.58	13.65	11.44	11.78	14.68	16.33	11.74	13.94	11.00
New York/New Jersey (NY City)	2 4/	15.63	15.84	12.87	13.08	10.66	13.73	11.52	11.86	14.58	16.23	11.82	13.84	11.08
Middle Atlantic (Philadelphia/ Baltimore/Washington, DC)	4 5/	15.52	15.73	12.79	13.00	10.60	13.67	11.46	11.80	14.47	16.12	11.74	13.73	11.00
Carolina (Charlotte)	5	15.57	15.78	12.79	13.00	10.70	13.77	11.56	11.90	14.52	16.17	11.74	13.78	11.00
Tennessee Valley (Knox/Chat)	11	15.26	15.47	12.79	13.00	10.70	13.77	11.56	11.90	14.21	15.86	11.74	13.47	11.00
Southeast (Atlanta/Birmingham)	7	15.57	15.78	12.79	13.00	10.70	13.77	11.56	11.90	14.52	16.17	11.74	13.78	11.00
Upper Florida (Jacksonville/Tallahassee)	6	16.07	16.28	12.79	13.00	10.70	13.77	---	---	15.02	16.67	11.74	14.28	11.00
Tampa Bay	12	16.37	16.58	12.79	13.00	10.70	13.77	---	---	15.32	16.97	11.74	14.58	11.00
Southeastern Florida (Miami)	13	16.67	16.88	12.79	13.00	10.70	13.77	---	---	15.62	17.27	11.74	14.88	11.00
Michigan Upper Peninsula (Marquette)	44	13.84	14.05	12.79	13.00	10.70	13.77	11.56	11.90	12.79	14.44	11.74	12.05	11.00
Southern Michigan (Detroit)	40 6/	14.24	14.45	12.79	13.00	10.70	13.77	11.56	11.90	13.19	14.84	11.74	12.45	11.00
E. Ohio/W. PA. (Cleveland/Pittsburgh)	36	14.49	14.70	12.79	13.00	10.70	13.77	11.56	11.90	13.44	15.09	11.74	12.70	11.00
Ohio Valley (Columbus)	33	14.53	14.74	12.79	13.00	10.70	13.77	11.56	11.90	13.48	15.13	11.74	12.74	11.00

FEDERAL MILK ORDER MINIMUM CLASS PRICES FOR MILK OF 3.5 PERCENT BUTTERFAT*1/														
FEDERAL MILK ORDER MARKETING AREAS 2/	ORDER NUMBER	MAY								JUNE			JULY	
		PRICE PER 100 POUNDS								PRICE PER 100 POUNDS				
		CLASS I		CLASS II		CLASS III		CLASS III-A		CLASS I		CLASS II	CLASS I	CLASS II
		1997	1996	1997	1996	1997	1996	1997	1996	1997	1996	1997	1997	1997
		DOLLARS								DOLLARS				
Indiana (Indianapolis)	49	14.39	14.60	12.79	13.00	10.70	13.77	11.56	11.90	13.34	14.99	11.74	12.60	11.00
Chicago Regional	30	13.89	14.10	12.79	13.00	10.70	13.77	11.56	11.90	12.84	14.49	11.74	12.10	11.00
Central Illinois (Peoria)	50	14.10	14.31	12.79	13.00	10.70	13.77	---	---	13.05	14.70	11.74	12.31	11.00
S. Illinois/E. Missouri (Alton)	32	14.41	14.62	12.79	13.00	10.70	13.77	---	---	13.36	15.01	11.74	12.62	11.00
Louisville/Lexington/Evansville	46	14.60	14.81	12.79	13.00	10.70	13.77	11.56	11.90	13.55	15.20	11.74	12.81	11.00
Upper Midwest (Minneapolis)	68	13.69	13.90	12.79	13.00	10.70	13.77	11.56	11.90	12.64	14.29	11.74	11.90	11.00
E. South Dakota (Sioux Falls)	76	13.99	14.20	12.79	13.00	10.70	13.77	---	---	12.94	14.59	11.74	12.20	11.00
Iowa (Des Moines)	79	14.04	14.25	12.79	13.00	10.70	13.77	11.56	11.90	12.99	14.64	11.74	12.25	11.00
Nebraska/W. IA. (Omaha/Sioux City)	65	14.24	14.45	12.79	13.00	10.70	13.77	11.56	11.90	13.19	14.84	11.74	12.45	11.00
Greater Kansas City	64	14.41	14.62	12.79	13.00	10.70	13.77	---	---	13.36	15.01	11.74	12.62	11.00
Southwest Plains (Oklahoma City)	106	15.26	15.47	12.79	13.00	10.70	13.77	11.56	11.90	14.21	15.86	11.74	13.47	11.00
Texas (Dallas)	126	15.65	15.86	12.79	13.00	10.70	13.77	11.56	11.90	14.60	16.25	11.74	13.86	11.00
Eastern Colorado (Denver)	137	15.22	15.43	12.79	13.00	10.70	13.77	---	---	14.17	15.82	11.74	13.43	11.00
Western Colorado (Grand Junction)	134	14.49	14.70	12.79	13.00	10.70	13.77	---	---	13.44	15.09	11.74	12.70	11.00
SW Idaho/Eastern Oregon (Boise)	135	13.99	14.20	12.79	13.00	10.70	13.77	11.42	11.77	12.94	14.59	11.74	12.20	11.00
Great Basin (Salt Lake City)	139	14.39	14.60	12.79	13.00	10.70	13.77	---	---	13.34	14.99	11.74	12.60	11.00
Central Arizona (Phoenix)	131	15.01	15.22	12.79	13.00	10.70	13.77	11.42	11.77	13.96	15.61	11.74	13.22	11.00
New Mexico/West Texas (Albuquerque)	138	14.84	15.05	12.79	13.00	10.70	13.77	11.56	11.90	13.79	15.44	11.74	13.05	11.00
Pacific Northwest (Seattle/Portland)	124	14.39	14.60	12.79	13.00	10.70	13.77	11.42	11.77	13.34	14.99	11.74	12.60	11.00
SIMPLE AVERAGE	---	14.83	15.04	12.79	13.00	10.69	13.76	11.53	11.87	13.78	15.43	11.74	13.04	11.00

* To convert the Class I price per 100 pounds to the Class I price per gallon, divide by 11.63--the approximate number of gallons in 100 pounds of milk. For example, the minimum Class I price in Boston (the New England market) in July 1997 is \$13.94 per 100 pounds or \$1.20 per gallon (\$13.94 divided by 11.63 equals \$1.1986).

1/ Note: The mandatory \$0.20 per cwt. processor assessment under the Fluid Milk Promotion Order resumed effective June 1, 1996. This assessment applies to all persons who process and market more than 500,000 pounds of fluid milk products in consumer-type packages in the 48 contiguous States and the District of Columbia during the month.

2/ Names in parentheses are principal cities and pricing points of markets.

3/ Zone 1, Boston. Class I price at 201-210 mile zone--72 cents less.

4/ New York City metropolitan area. Prices at 201-210 mile zone: Class I - 72 cents less, Class II - 8 cents less, Class III - 8 cents less, and Class III-A - 8 cents less.

5/ Prices exclude a 6-cent direct delivery differential applicable to milk delivered to Philadelphia.

6/ Prices exclude a 10-cent direct delivery differential applicable to milk delivered to Detroit metropolitan area.

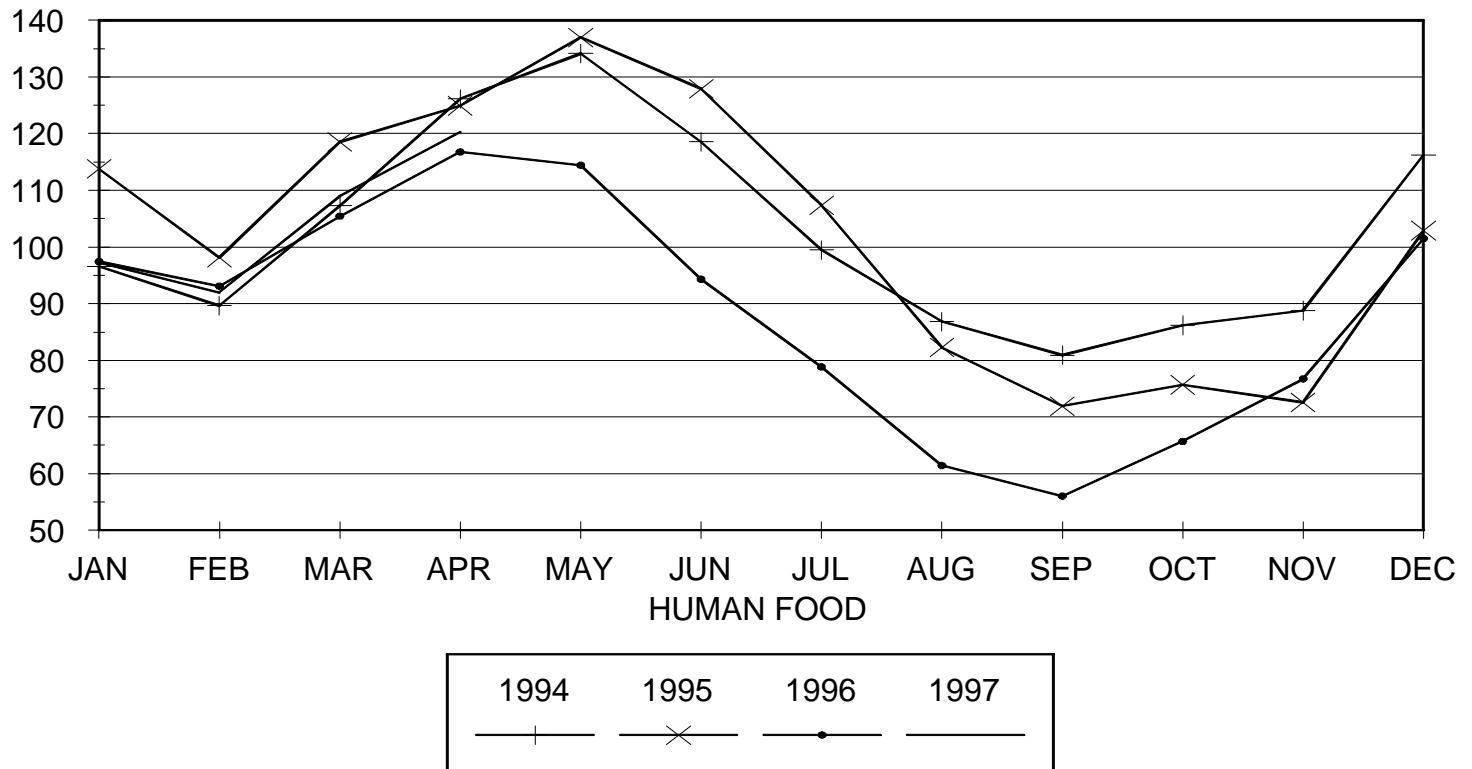
MINIMUM FEDERAL ORDER AND ANNOUNCED COOPERATIVE CLASS I PRICES IN SELECTED CITIES 1/												
CITY	JUN 1995			JUN 1996			MAY 1997			JUN 1997		
	Federal Order	Coop.	Difference	Federal Order	Coop.	Difference	Federal Order	Coop.	Difference	Federal Order	Coop.	Difference
	Dollars Per Hundredweight											
Atlanta, GA	14.24	14.24	0.00	16.17	17.57	1.40	15.57	16.42	0.85	14.52	15.37	0.85
Baltimore, MD	14.19	15.14	0.95	16.12	16.87	0.75	15.52	16.57	1.05	14.47	15.52	1.05
Boston, MA	14.40	15.13	0.73	16.33	17.06	0.73	15.73	16.86	1.13	14.68	15.81	1.13
Carbondale, IL	13.17	14.13	0.96	15.10	16.35	1.25	14.50	16.59	2.09	13.45	15.54	2.09
Charlotte, NC	14.24	14.54	0.30	16.17	18.02	1.85	15.57	16.88	1.31	14.52	15.37	0.85
Chicago, IL	12.56	14.62	2.00	14.49	16.14	1.65	13.89	15.89	2.00	12.84	15.04	2.20
Cincinnati, OH	13.27	13.82	0.55	15.20	16.25	1.05	14.60	15.85	1.25	13.55	15.10	1.55
Cleveland, OH	13.16	13.63	0.46	15.09	16.00	0.91	14.49	15.69	1.20	13.44	14.94	1.50
Dallas, TX	14.32	14.47	0.15	16.25	17.40	1.15	15.65	15.90	0.25	14.60	14.85	0.25
Denver, CO	13.89	14.60	0.71	15.82	16.53	0.71	15.22	15.37	0.15	14.17	14.32	0.15
Des Moines, IA	12.71	13.31	0.60	14.64	15.89	1.25	14.04	15.53	1.49	12.99	14.48	1.49
Detroit, MI	13.01	13.83	0.76	14.94	15.73	0.79	14.34	15.34	1.00	13.29	14.59	1.30
Hartford, CT	14.30	15.03	0.73	16.23	16.96	0.73	15.63	16.76	1.13	14.58	15.71	1.13
Houston, TX	14.86	15.01	0.15	16.79	17.94	1.15	16.19	16.44	0.25	15.14	15.39	0.25
Indianapolis, IN	13.06	13.94	0.88	14.99	16.16	1.17	14.39	16.08	1.69	13.34	15.03	1.69
Kansas City, MO	13.08	13.48	0.40	15.01	16.11	1.10	14.41	15.85	1.44	13.36	14.80	1.44
Little Rock, AR	13.93	14.10	0.17	15.86	17.06	1.20	15.26	15.51	0.25	14.21	14.46	0.25
Louisville, KY	13.27	13.67	0.40	15.20	17.25	2.05	14.60	15.85	1.25	13.55	14.80	1.25
Miami, FL	15.34	17.02	1.68	17.27	19.75	2.48	16.67	18.58*	1.91*	15.62	18.58	2.96
Milwaukee, WI	12.47	14.53	2.00	14.40	16.05	1.65	13.80	15.80	2.00	12.75	14.95	2.20
Minneapolis, MN	12.36	12.96	0.60	14.29	15.54	1.25	13.69	15.15	1.46	12.64	14.10	1.46
New Orleans, LA	15.01	15.01	0.00	16.74	17.94	1.20	16.14	16.59	0.45	15.09	15.34	0.25
Oklahoma City, OK	13.93	14.10	0.17	15.86	17.11	1.25	15.26	15.51	0.25	14.21	14.46	0.25
Omaha, NE	12.91	13.51	0.60	14.84	15.94	1.10	14.24	15.68	1.44	13.19	14.63	1.44
Philadelphia, PA	14.25	15.25	1.00	16.18	16.88	0.70	15.58	16.60	1.02	14.53	15.55	1.02
Phoenix, AZ	13.68	13.68	0.00	15.61	15.61	0.00	15.01	15.01	0.00	13.96	13.96	0.00
Pittsburgh, PA	13.16	14.11	0.95	15.09	15.59	0.50	14.49	14.99	0.50	13.44	14.24	0.80
St. Louis, MO	13.17	14.13	0.96	15.10	16.35	1.25	14.50	16.59	2.09	13.45	15.54	2.09
Salt Lake City, UT	13.06	13.21	0.15	14.99	15.14	0.15	14.39	14.54	0.15	13.34	13.49	0.15
Seattle, WA	13.06	13.51	0.45	14.99	15.29	0.30	14.39	14.69	0.30	13.34	13.64	0.30
Spokane, WA	13.06	13.51	0.45	14.99	15.29	0.30	14.39	14.69	0.30	13.34	13.64	0.30
Springfield, MO	13.35	13.75	0.40	15.28	15.73	0.45	14.68	15.31	0.63	13.63	14.28	0.65
Washington, DC	14.19	15.14	0.95	16.12	16.87	0.75	15.52	16.57	1.05	14.47	15.52	1.05
Simple Average	13.60	14.25	0.64	15.52	16.56	1.04	14.92	15.93*	1.01*	13.87	14.94	1.07

*Revised

1/ Class I prices announced for the beginning of the month by the major cooperative in each city market. These prices may not apply to all of the Class I sales in these city markets. Announced prices may not include handling or service charges applicable to milk from supply plants and competitive credits which may be allowed. These prices have not been verified as having been actually paid by handlers.

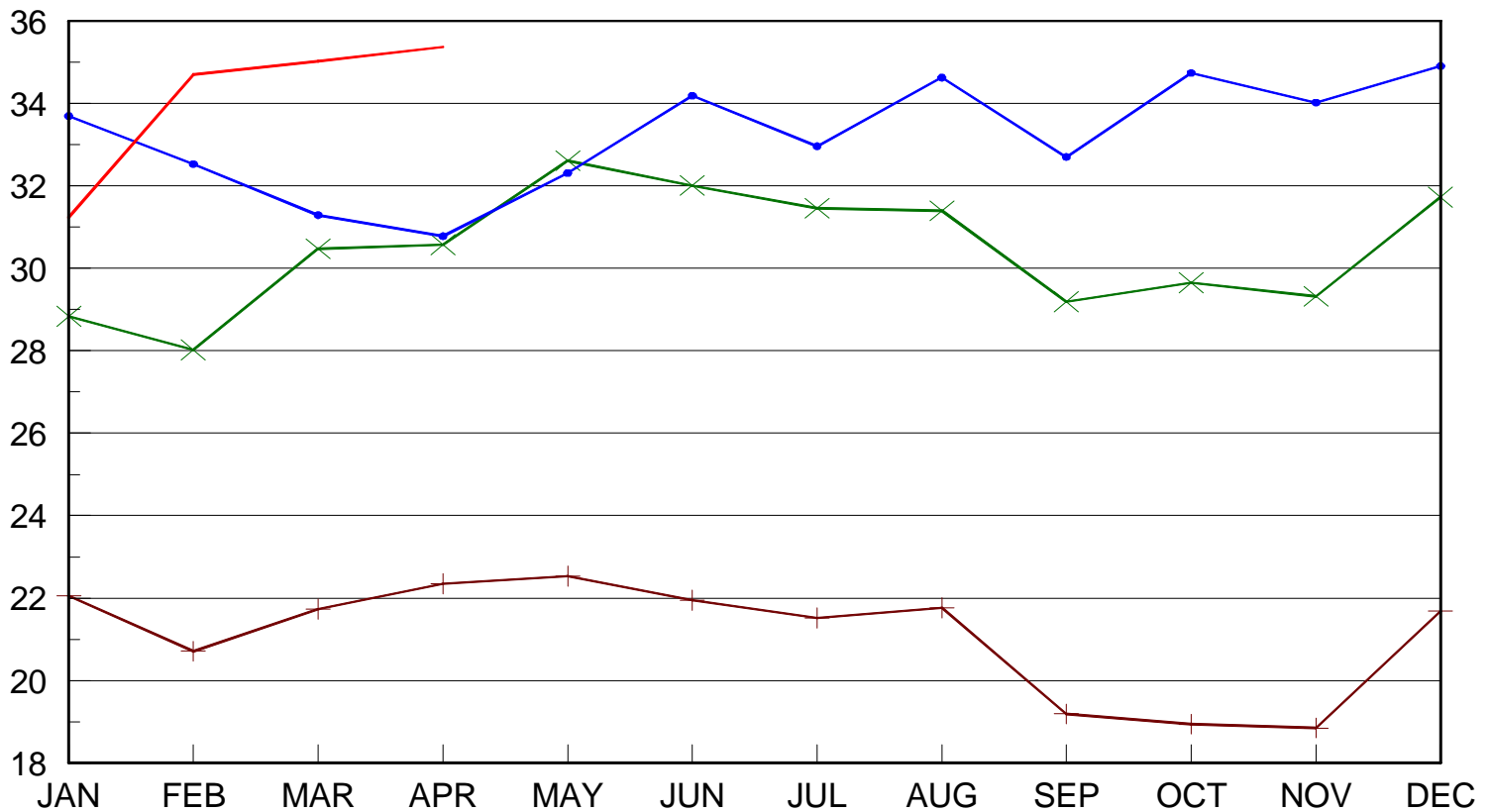
U.S. NONFAT DRY MILK PRODUCTION

MILLION POUNDS



LACTOSE PRODUCTION

MILLION POUNDS



CCC PURCHASES OF DAIRY PRODUCTS

	FOR THE WEEK OF JUNE 9 - 13, 1997			CUMULATIVE TOTALS			UNCOMMITTED INVENTORIES		
	TOTAL	CONTRACT	ADJUSTED	SINCE	SAME PERIOD	PERIOD ENDING	SAME PERIOD		
	PURCHASES	ADJUSTMENTS	PURCHASES	10/01/96	LAST YEAR	06/06/97	LAST YEAR		
BUTTER									
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
CHEESE									
Block	344,062	-0-	344,062	344,062	-0-	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Process	-0-	-0-	-0-	988,800	-0-	-0-	-0-	-0-	-0-
TOTAL	344,062	-0-	344,062	1,332,862	-0-	-0-	-0-	-0-	-0-
NONFAT DRY MILK									
Nonfortified	1,048,270	367,066	681,204	4,470,421	-0-	-0-	-0-	-0-	-0-
Fortified	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	1,048,270	367,066	681,204	4,470,421	-0-	-0-	-0-	-0-	-0-

MILK EQUIVALENT, MILKFAT AND SKIM SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT*	SKIM**		MILKFAT*	SKIM**
	BASIS	SOLIDS		BASIS	SOLIDS
WEEK OF JUNE 9 - 13, 1997 =	3.3	11.3	COMPARABLE WEEK IN 1996 =	0.0	0.0
CUMULATIVE SINCE OCTOBER 1, 1996 =	13.3	65.2	CUMULATIVE SAME PERIOD LAST YEAR =	0.0	0.0
CUMULATIVE JANUARY 1 - JUNE 13, 1997 =	13.3	65.2	COMPARABLE CALENDAR YEAR 1996 =	0.0	0.0

* Factors used for Milkfat Solids Basis: Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

**Factors used for Skim Solids Basis: Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

	CCC ADJUSTED PURCHASES SINCE 10/1/96 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL					
	BUTTER	CHEESE	NONFAT DRY MILK	MILK EQUIVALENT		
REGION	1996/97	1995/96	1996/97	1995/96	1996/97	1995/96
MIDWEST	-0-	-0-	1,332,862	-0-	-0-	92.6
WEST	-0-	-0-	-0-	-0-	4,470,421	7.4
EAST	-0-	-0-	-0-	-0-	-0-	0.0
TOTAL	-0-	-0-	1,332,862	-0-	4,470,421	100.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER JANUARY 1, 1997

MANUFACTURING MILK: Average Test 3.67% - \$10.20 per cwt.; 3.5% - \$10.10

DOLLARS PER POUND

BUTTER: Bulk \$.6500; 1# Prints \$.6800

CHEESE: 40 & 60# Blocks \$1.1300; 500# Barrels \$1.1000; Process American 5# \$1.1825; Process American 2# \$1.2225

NONFAT DRY MILK: Nonfortified \$1.0470; Fortified \$1.0570; Instant \$1.2045

Dairy Cow & Total Cow Slaughter under Federal Inspection, by Regions & U.S., for Week Ending 05/24/97 & Comparable Week 1996

Regions*	1	2	3	4	5	6	7	8	9	10	U.S. TOTAL	% DAIRY OF ALL
1997-Dairy cows HD (000)	0.3	1.5	5.6	5.0	21.2	2.5	2.9	0.9	7.8	3.0	50.7	1,222.0
1996-Dairy cows HD (000)	0.4	1.3	5.9	5.5	20.4	1.2	6.2	1.3	8.9	2.9	54.0	1,226.1
1997-All cows HD (000)	0.4	1.6	7.6	17.1	28.5	15.0	18.4	6.9	11.1	6.4	112.9	2,637.5
1996-All cows HD (000)	0.4	1.3	7.9	17.5	28.3	27.1	25.8	10.7	12.3	6.6	138.1	2,733.8

*For source, states included in each region, and historical data, see "Dairy Market News", Vol. 55, Report No. 31

CCC MARKET PRICE PURCHASES (POUNDS) 6/05/97

JULY DELIVERY		
AMERICAN BARRELS	560,000	\$1.1400

CUMULATIVE TOTAL CHEESE PURCHASES SINCE 10/1/96 = 65,870,274

CUMULATIVE TOTAL NDM PURCHASES SINCE 10/1/96 = 9,024,320

BASIC FORMULA PRICE (BFP), MAY 1995* TO DATE & HISTORIC M-W (3.5% BF, \$/CWT.)

YEAR	JAN.	FEB.	MAR.	APR.	MAY	JUN.	JUL.	AUG.	SEP.	OCT.	NOV.	DEC.
1994	12.41	12.41	12.77	12.99	11.51	11.25	11.41	11.73	12.04	12.29	11.86	11.38
1995	11.35	11.79	11.89	11.16	*11.12	11.42	11.23	11.55	12.08	12.61	12.87	12.91
1996	12.73	12.59	12.70	13.09	13.77	13.92	14.49	14.94	15.37	14.13	11.61	11.34
1997	11.94	12.46	12.49	11.44	10.70							